

NewsInGrain

ISSUE 13, NOVEMBER 2013

HIGHLIGHTS OF THE ANNUAL GENERAL MEETING

Held on 29 October 2013



Chairman's Report

- The GTA vision is an efficient, equitable and open commercial grains industry and GTA contributes to this by providing products, services and advocacy that support the facilitation of trade.
- During 2012/13 GTA continued to strongly deliver against its core activities of; Trading Standards, Trade Rules, Contracts, Dispute Resolution and Professional Development. These activities are reviewed each year to ensure they reflect the contemporary nature of the grain trading environment in Australia.
- These activities were driven by the excellent work by our four Technical Committees covering Commerce, Grain Trading Standards, Trade and Market Access and Transport, Storage and Ports.
- Following 18 months of industry consultation GTA has released the Australian Grain Industry Code of Practice. The Code supersedes the Code of Conduct originally developed as part of the wheat export deregulation process and is a demonstration of an industry that is committed to self-regulation.
- Membership has continued to increase with 261 members as at 30 June 2013 (250 FY12).
- Financially, GTA operates a prudent financial policy that requires that 75% of the previous year's expenses must be held as retained earnings. GTA is operating well within this ratio as a result of this year's profit of \$282,409 with retained earnings of \$976,597.
- The last 12 months saw the retirement of GTA Directors Chris Kelly and Tom Keene, both of whom acted as Chairman of the organisation.
- During 2013/2014, the Corporate Governance Committee, a Board subcommittee, will review the current Constitution and Board structure with proposed changes, if any, to be put to the members at the 2014 AGM.

Chief Executive Officer's Report – major projects completed in 2012/2013

Commerce Committee

- Released GTA AusGrain 2013 Voyage Charter Party
- Developed Cost & Freight Contract
- Conducted Export Container Trade Forum – May 2013

Standards Committee

- Released 2013/14 GTA Trading Standards
- Visual Recognition Standards Guide, to include in 2014:
Wheat / Barley / Sorghum / Oats / Canola / Chickpeas / Feed maize / Lupins / Red Lentils
- Released Oats Standards Booklet to add to the existing Wheat, Barley, Sorghum, Maize, Triticale and Cereal Rye.

Submissions to CODEX:

- Reviewed 22 discussion papers and placed submissions
 - Aflatoxins in Cereals
 - Maximum Levels For Deoxynivalenol in Cereals
 - Maximum Levels of Lead in Cereals

Trade & Market Access Committee

- Consult with and advise industry & Government on:
 - Low Level Presence Policies
 - Bio Security Protocol
 - Potential of International Plant Phytosanitary Standards
 - Trans Pacific Partnership Trade Agreement

Formed:

- GM Wheat Advisory Group to develop GM wheat supply chain protocol to circumvent a detection/escape of GM wheat during development phase within Australia.

Submissions to APVMA:

- Trinexapac-ethyl in the Moddus Evo Yield & Quality Enhancer in relation to cereal exports
- Sulfoxaflor in the Insecticide Transform in relation to cotton seed exports

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Dispute Resolution Service

- 0.005% – the estimated number of grain contracts executed in Australia on an annual basis that utilise the GTA Dispute Resolution Service.
- As at 30 June 2013 there were 88 listed GTA arbitrators and 6 arbitrations at foot.
- Introduced Arbitration Tribunal Chairman (Export Contracts)

Major projects for GTA in 2013/2014

- Australian Grain Industry Discussion Group
- Wheat Quality Australia
- Australian Grain Industry Code of Practice
- Export trade facilitation
- Port Access Code of Conduct
- Develop & release – CIF (bulk and container)
- Professional Development Program
- Implement national sampling and testing certification program
- Diploma in Grain Marketing
- Registered Training Organisation
- Review all courses

Full details of GTA's performance including the Annual Report and Full Financial Report are on the GTA website

The GTA Voyage Charter 2013 AusGrain 2013



Introduction and Caution

The preparation of the AusGrain 2013 was a project of Grain Trade Australia. That project is now complete. The resulting document, AusGrain 2013, is a template voyage charter tailored for use in the Australian grain export trade.

It represents the starting point for commercial negotiation, not the conclusion.

The failings or merits of the document, and its construction and interpretation are now a matter for the Trade, its advisors, and possibly arbitrators (and/or judges).

Comments and feedback are always welcome and should be directed to GTA.

Why AusGrain?

Australia is a significant grain exporter. Its significance as a grain exporter, particularly into Asia, is likely to increase, as is the proportion of bulk shipments.

For the last 20+ years, the Australian Wheat Charter 1990 ("AUSTWHEAT 1990") has been the most recognisable and accepted form of voyage charter for the export of grain (particularly wheat) from Australia. That charter was formulated by the Australian Wheat Board ("AWB"), and approved and recommended by BIMCO.

The Australian Wheat Board was corporatised in 1999 and acquired by Agrium in 2010. With de-regulation and corporatisation of the bulk wheat export market, a number of the industry-good functions which had been performed by AWB were in limbo. One of these functions was responsibility for AUSTWHEAT.

The market hates a vacuum and into the void left by deregulation stepped the market, which created a multiplicity of new forms, including several new unofficial forms of AUSTWHEAT (including AUSTWHEAT 2008 and 2009 both of which somewhat mischievously featured the AWB logo).

Grain Trade Australia has been responsible for assuming some of the industry-good functions performed by AWB and in approximately 2010, GTA agreed to be the custodian for AUSTWHEAT and set about conducting a review with the objective of producing a contemporary and relevant grain voyage charterparty.

The Review Process

In 2012 GTA notified the market that it intended to conduct a review of AUSTWHEAT and constituted a committee made up of representatives of Australia's major grain exporters. As a director of GTA, I was asked to chair that committee.

The first step was to consider terms of reference. These terms of reference included a consideration of whether a review was necessary and whether a new form of charter was required. The Committee answered yes to both questions.

The Committee also considered the involvement of BIMCO and resolved that while BIMCO approval in due course would be desirable, that was something that could be pursued further down the track.

Shipowners and brokers were not represented on the Committee.

The simple reason is because no ship-owners or ship-brokers are members of GTA.

However it was always accepted by the Committee that owners and brokers would be consulted. Moreover, it was always accepted by the Committee that any document produced should be balanced and fair and not unreasonably favourable to owners or charterers.

There would be no utility in producing a document which owners and brokers simply refused to use.

The Committee then conducted a review of the more recent iterations of AUSTWHEAT and from that process prepared a first draft of AusGrain. This draft was subject of targeted discussions with the ship-owning and broker fraternity.

Perhaps the best advice we received from one broker was that content was largely irrelevant, so long as it was clear and consistent. This would allow brokers in particular to advise their owners accurately about the characteristics of the contract; to identify risks and advise on how those risks could be managed either through rates, or amendments.

Suggested changes were incorporated into the next draft which was considered by the Committee and subsequently published to industry for comment.

Feedback was received and considered by the Committee and the final form of the AusGrain was published in June 2013.

Relevant Factors and Features of AusGrain

One of the consequences of deregulation has been issues associated with management of shipping slots at export terminals specifically when vessels fail the inspection required by DAFF Biosecurity (formerly AQIS) and under the Export Control (Plant and Plant Products) Order 2011 (Cth).

The seriousness of this issue is reflected in the report published by the Victorian Grain Logistics Taskforce which highlighted the issue of the cleanliness of vessels when presenting at Australian ports.

This problem is exacerbated by the fact that vessels must be inspected twice; first by an independent surveyor, and second by DAFF Biosecurity. Passing one survey is no guarantee of passing the second.

Further, for OHS reasons DAFF inspectors would not inspect a vessel at anchorage, but only once she had come alongside.

This has to some extent been ameliorated by the new system of DAFF Authorised Officers (AO). These AOs are now more willing to engage in inspections at anchorage, which should in theory mean that any issues can be addressed well before the vessel comes alongside.

It seeks to facilitate and encourage inspections at anchorage. It also provides that the Charterers are to appoint the independent surveyor (acceptable to Owners, acting reasonably) but the cost of the surveyor is for Owners' account.

This was a suggestion from a broker. He took the view that given the limited choice in available surveyors, owners and charterers would draw from the same pool in any event.

Tender of NOR

Perhaps the most controversial aspect of AusGrain is clause 19.8 which provides that an invalid Notice of Readiness (NOR) (for example, where the holds are subsequently failed for being unclean) is a nullity such that time will not count until a valid NOR has been given.

This is a change from AUSTWHEAT, but reflects the trend in the later unauthorized versions of AUSTWHEAT.

It was the Committee's view that this reflected the importance of vessels being ready in all respects when NOR is tendered.

It seemed appropriate that this was the starting point, even if the parties then chose to vary the position during negotiation.

Berth Charter

Recent decisions of the UK Courts have considered the importance of the distinction between port and berth charterparties.

Given that few Australian ports have more than one grain berth it seemed appropriate, for the avoidance of doubt, to clearly designate AusGrain as a berth charter meaning that a valid NOR can only be tendered when the vessel is either in the loading berth, or on arrival at the port if the designated berth is occupied (as it will usually be).

This is another example of attempting to be clear.

BIMCO Clauses

AusGrain makes use of several standard BIMCO clauses, particularly

- VOYWAR 2004
- the BIMCO Piracy Clause, and
- the BIMCO ISPS/MTSA Clause.

Arbitration

AusGrain includes a referral of disputes to arbitration; administered by GTA for events occurring in Australia, and by LMAA otherwise.

While the Committee was mindful of the recent Federal Court decision in Norden, it did not believe that this needed to be taken into account in drafting the arbitration agreement given;

- the parties are free to amend the arbitration agreement as they wish, in any event,
- the decision is subject to an appeal; and
- the first part of the clause at least should be consistent with section 11(3) of the Carriage of Goods by Sea Act 1991 (Cth).

BIMCO

The form is not currently BIMCO recommended and BIMCO has not been consulted in relation to the document.

I anticipate that the document will be subject to an industry review possibly as early as mid-2014. By that stage hopefully the document will have been more widely used and feedback from Owners, Brokers and Charterers can be incorporated.

The next step would be engage with BIMCO to investigate the process of obtaining BIMCO recommendation.

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Written by Geoff Farnsworth,
Principal, M+K Lawyers



Quality of Australian grain – GTA's contribution

- GTA Trading Standards developed by GTA Standards Committee
 - yearly review
 - aligned to customer requirements
- GTA Trading Standards aligned to GTA standard form contracts – domestic & international recognition
- Publication of sampling & testing reference methods for major grain types – nationally recognised
- Publication of:
 - Visual Recognition Standards Guide – grain defects
 - Weed Seed Identification Guide
- Industry training
 - Competency standards for sampling & testing – national recognition
 - Grain Standards Course
- Wheat Quality Australia – joint venture with GRDC
- National Working Party on Grain Protection (GTA secretariat)
- Submissions to:
 - CODEX Alimentarius Commission – international food standards
 - Australian Pesticides & Veterinary Medicines Authority
 - DAFF Biosecurity on phytosanitary and trade related matters
- Member:
 - DAFF Biosecurity – Grain & Plant Products Export Industry Advisory Committee
 - National Research, Development & Education Strategy
 - National Measurement Institute – Grain Quality Measurement Committee
- Supporter:
 - National Residue Survey – adherence to domestic and export MRLs.
 - Australian Grain Industry Code of Practice (2013) with associated Technical Guidance Documents

GTA AND EXPORT CONTRACTS – AN OVERVIEW

Up to 2008 GTA was focussed on commercial resources required by the domestic market as well as enabling grain to be delivered to the export port. GTA's task changed rapidly with the abolition of the "single desk" for export wheat sales with members looking to GTA to increase its activities in key areas to facilitate export trade.

The following is a snapshot of GTA activities in support of the export grain program conducted by the trade

Commercial resources

- **2010** – In conjunction with the Australian Grain Exporters Association, there was a complete revision of the Contract No 1 Grain and Oilseeds in Bulk FOB Terms. The contract was completely rewritten to reflect the contemporary nature of a deregulated environment and importantly referenced the GTA Dispute Resolution Service.

Refer: Member Update – No 31 of 10 Release of a revised FOB Contract

- **2012** – formation of Export Arbitration process

Refer: Member Update – No 34 of 12 Nominations for Arbitration Tribunal Chairman (Export Contracts)

- **2013** – complete revision of the Delivered Container Contract (DCT)

Refer: Member Update – No. 13 of 13 – DCT contracts & Importing Country Requirements

- **2013** – In November expected release of a Cost Insurance Freight (CIF)/Cost & Freight (CFR) contract primarily for the Australian grain export container trade.

Refer: Member Update – No. 17 of 13 – GTA Contract No.5 – CFR- CIF Contract, Call for Second Round of Industry Comment

- **2013** – released a Voyage Charterparty AusGrain 2013.

Refer: Member Update – No. 11 of 13 – Grain Trade Australia Voyage Charter – AusGrain 2013

Industry Codes

- Port Access Code of Conduct – GTA is the convener of the Code Development Advisory Committee. This Code has since become a Mandatory prescribed Code administered by the ACCC.

Refer: <http://www.graintrade.org.au/grain-industry-codes>

- Australian Grain Industry Code of Practice including Technical Guidance Documents. Launched in July 2013, it is the intention of the GTA Board to make adherence to the Code mandatory for GTA membership for post farm gate members from 1 July 2014.

Refer: <http://www.graintrade.org.au/grain-industry-codes>



Fishermans Island. Photo courtesy of Graincorp.

Legislative reviews

- Wheat Industry Expert Group, GTA CEO member

Refer: http://www.daff.gov.au/agriculture-food/crops/wheat/wheat_industry_expert_group

- April 2009, GTA Chief Executive Officer appointed Chairman of the Joint Grain Industry and AQIS Ministerial Task Force (MTF), successfully delivering a more efficient and equitable export certification reform program.

Refer: Member Update – No. 09 of 13 – Export Certification Reform Program (ECRP) – update

Export focussed membership

- DAFF Biosecurity Grain and Plant Products Export Industry Consultative Committee.

Refer: <http://www.daff.gov.au/biosecurity/about/clients/consultative-committees/gppeicc>

- International Grain Trade Coalition – coalition of like-minded trade associations from export and importing countries. GTA was the lead member in the development of the business plan to establish a full time secretariat for IGTC.

- Current IGTC activities involve development of briefing papers for members, enabling the provision of briefing papers that are then used to brief the Australian government include:

- Global Low Level Presence policies
- International Standard for Phytosanitary Measures for the International Movement of Grain,
- Bio Safety Protocol,
- Trans Pacific Partnership

Conference presentations

- June 2013, International Grain Council Conference, presentation by GTA CEO "Australian wheat – a quality product in a deregulated market".
- May 2013 GTA held an Export Container Forum in Melbourne, attracting over 160 participants from all sectors of the supply chain.
- Maritime Lawyers Australia & New Zealand – "GTA and export contracting initiatives"
- Feb 2012, ABARE Outlook Conference – "New export inspection & certification arrangements for grains"
- Nov 2011, Canada Grain Council – "Deregulation of the export wheat market"

FOODBANK GRAIN INDUSTRY DONATION PROGRAM

Over 12% of Australians are living in poverty and each year two million Australians, or 1 in 10, will seek assistance with food – around half of them will be children.

Source: www.acoss.org.au

During the Australian Grains Industry Conference 2013 GTA announced a partnership between the grain industry and Foodbank to provide 3,000 tonnes of grain donations per year. The donated grain is converted into bread, cereal, pasta and other cereal based products through the generosity of food processors such as Goodman Fielder, Weston Milling Group, Sanitarium and Rinoldi Pasta.

Who is Foodbank?

Foodbank is a non-denominational, non-profit organisation which acts as a “pantry” to charities and community groups who feed the hungry. It was first established in 1992 in NSW and now has a presence in every state and the Northern Territory with distribution centres in all state capitals as well as a number of regional centres. Foodbank operates with a staff of approximately 100 employees and over 3,000 volunteers and last year distributed 24 million kilograms of food to 2,500 welfare agencies across Australia.

How to get involved

GTA encourages industry to participate in any way they can. This may include the promotion or donation of grain, provision or donation of storage and handling facilities for grain donated or providing the transport of grain for Foodbank donations. For more information visit <http://www.graintrade.org.au/how-get-involved>

Will I get a tax receipt?

Yes, once a donation is transferred from the growers/traders to Foodbank's NGR, the transfer form is then forwarded to Foodbank who organise for a tax receipt to be sent to the donor.

Where can I find out more about the Foodbank Grain Industry Donation Program?

If you would like to get involved with the Foodbank Grain Donation Program please visit www.graintrade.org.au or contact: John Webster, Foodbank Australia on 0408 680 788 or johnw@foodbank.com.au

GTA BOARD & TECHNICAL COMMITTEES

GTA Board

Board	Membership category
Neil Johns	Ordinary Level A
Mitchell Morison	Ordinary Level A
Robert Parkes	Ordinary Level B
Matthew Rutter	Ordinary Level B
Greg Carroll	Ordinary Level C
Rob Imray	Merchant Association
Guy H Allen	Merchant Association
Michael Wood	Merchant Association
Geoff Nalder	Special Qualifications – production sector
Peter Reading	Special Qualifications – independent Chairman
Geoff Farnsworth	Special Qualifications – legal
Malcolm Finlayson	Special Qualifications – financial & risk

Technical Committees

Commerce	Member organisation
Matt Rutter	Chairman & GTA Director
Darryl Borlase	Alfred C Toepfer Int.
Brendan Dart	Cargill Aust. Ltd
Dougal Hunter	ASX Ltd
Duncan Lander	NSW Farmers Assoc.
Philip Hughes	Glencore Grain Pty Ltd
James Roberts	CBH Group
Adam Chilcott	Emerald Group Aust. P/L
Kallum Blake	GrainGrowers Ltd
Robert Nelson	Clear Grain Exchange
Harry Notaras	GrainCorp Operations Ltd
Geoff Farnsworth	M+K Lawyers

Transport Storage & Ports	Member organisation
Guy H Allen	Chairman & GTA Director
Jesse Hedley	Cargill Aust. Ltd
Craig Dennis	Qld Ag. Merchants
Matt Kelly	KM & WM Kelly & Sons
Colin Nicholl	GrainGrowers Ltd
Tom Cullen	NSW Farmers Assoc.
David Ginns	GrainCorp Operations Ltd
Mark O'Brien	George Weston Foods Ltd

Trade & Market Access	Member organisation
Mitch Morison	Chairman & GTA Director
David Hudson	SGA Solutions Pty Ltd
Stephen Sheridan	Victorian Farmers Federation
Adrian Reginato	Cargill Aust. Ltd
Jason Shanley	GrainCorp Operations Ltd
Christian Norgard	Emerald Group Aust. P/L
Emma Thomas	GrainGrowers Ltd
Nick Goddard	Aust. Oilseeds Federation
Rosemary Richards	Aust. Grain Exporters Assoc.
Tony Russell	Grain Industry Market Access Forum

Standards	Member organisation
Rob Parkes	Chairman & GTA Director
Geoff Clatworthy	Inghams Enterprises P/L
Jeanette Marszal	Viterra Australia
Vince Moroney	CBH Group
Adrian Reginato	Cargill Aust. Ltd
Pat Wilson	GrainCorp Operations Ltd
James Saunders	SGS Aust. Pty Ltd
Richard Rice	GrainGrowers Ltd
John Stuart	Barley Aust.
Michael Schaefer	Grain Producers Aust.

NATIONAL MEASUREMENT INSTITUTE Trade Measurement Inspections

Trade measurement inspections of grain receival stations nationwide were carried out by the National Measurement Institute (NMI) between October 2012 and March 2013. The aims of this proactive activity were to:

- educate the owners and users of protein measuring instruments on meeting the national requirements;
- perform in-service inspection (i.e. compliance checks) of the instruments; and
- provide oversight or education and auditing of Servicing Licensees who verify the instruments.

Inspectors also gathered some information on the other measurements performed at the receival stations.

Trade measurement inspectors visited 214 receival sites over 6 States. The majority (two-thirds) of the visitations were at large bulk-handler sites. The remainder were the receival sites of smaller grain trade organisations.

A significant incidence of non-compliance was observed across the protein measuring instruments used by smaller grain traders. As a number of these organisations have only started to trade grain in recent years it is possible that there is less awareness of

the national metrological controls in place for these instruments.

The national metrological control system for grain protein measuring instruments used for trade comprises:

- National requirements for protein measuring instruments (NMI M8),
- Pattern approval under the National Measurement Act for protein measuring instruments, and
- Verification of the instruments using whole grain wheat and barley Australian Certified Reference Materials (ACRMs).

Consequently, future trade measurement inspection programs will aim to cover more receival sites of smaller grain trade organisations. In looking for better ways to communicate with these stakeholders in between inspections, NMI identified that a large proportion of GTA members are these smaller traders or represent industry groups serving smaller businesses.

GTA is providing members with information from NMI on the metrological controls for grain protein measuring instruments to assist smaller traders understand the requirements.

Australian Grain Industry Code of Practice

GTA members, in collaboration with the broader grain industry, have developed the Australian Grain Industry Code of Practice to support the industry's self-regulation in an evolving market. The Code formally defines processes and procedures, demonstrating the high level of quality integrity and self-regulation of the industry.

The draft Australian Grain Industry Code of Practice (Code) will become effective in July 2013. It is planned for the Code to become mandatory for all GTA members at the commencement of the 2014/2015 membership year.

The grain industry is committed to self-regulation. The Code supports this by providing a transparent process that outlines minimum requirements of all involved in the Australian grain supply chain.

The Code describes practices used by the grain industry to ensure Australian grain and grain products meet domestic or export customer requirements. Customer requirements include those stipulated in contracts, as well as regulatory requirements at a state/territory and federal level in Australia and internationally. There are also a range of industry standards that are covered under the Code.

The processes employed by industry at each point along the grain supply chain vary depending on the outcome required. Each industry participant manages their own operations based on the needs of their customers and their own internal procedures and systems.

It is anticipated that by following the Code, the grains industry and related sectors including government, researchers and consumers, will have confidence that Australia's processes for grain production, storage and supply meet the expectations of the entire grain supply chain.

A copy of the Code is available on the GTA website: www.graintrade.org.au

Australian Grain Industry Conference 2013

- 966 individuals participated in the conference
- Around 700 delegates participated in the technical program
- 783 attended the dinner
- 59 overseas participants from 12 countries (Iraq, Canada, Egypt, France, India, Indonesia, UK, New Zealand, Qatar, Singapore, Sri Lanka, United Arab Emirates & United States)
- Around 30 media attending across print, radio and TV



	Total delegates	Total + exhibitors and media
Tuesday	652	723
Wednesday	609	680
Dinner	783	
Welcome drinks	666	
Total individual registrations	966	
Overseas	59	

GTA Visual Recognition Standards Guide

In 2011/2012 the Standards Committee developed the Visual Recognition Standards Guide for wheat barley and sorghum to assist in the assessment of grain defects and their classifications.

This guide has become an invaluable tool for all grain receival and classification personnel. Over the years the Committee has included a variety of new commodities and refined the existing references in the Guide.

The Visual Recognition Standards Guide now includes wheat, barley, sorghum, oats, canola, desi-chickpeas, feed maize, angustifolius lupins and red lentils. The Guide is available for purchase on the GTA website.



Release of the Oats Standards Booklets 2013/14

Oats has been added to the list of individual grain standards booklets, which now includes:

- Wheat Standards Booklet;
- Barley Standards Booklet;
- Sorghum Standards Booklet;
- Oats Standards Booklet;
- Cereal Rye and Triticale Standards Booklet;
- Maize Standards Booklet.

These publications are critical to ensure the adoption pan Australia of common sampling and testing and reference methods and are available for download from the GTA website.



Geelong. Photo courtesy of Graincorp.

TRADE & MARKET ACCESS

International Standard for Phytosanitary Measures for the International Movement of Grain

The International Standard for Phytosanitary Measures (ISPMs) are the standards recognised as the basis for phytosanitary measures applied by the World Trade Organisation (WTO) under the Agreement on the Application of Sanitary and Phytosanitary Measures (SPS Agreement). The International Plant Protection Convention (IPPC) Standards Committee oversees the development of the proposed standards that are then submitted to the Commission on Phytosanitary Measures (CPM) for adoption.

Currently there is no international guidance adopted by the ISPMs that focuses specifically on phytosanitary measures for the international movement of grain.

It has been argued that international guidance is needed on the assessment of pest risks related to grain as a pathway for quarantine pests, and on technically justified phytosanitary measures to manage such pest risks. Exporting and importing countries, in particular developing countries, may benefit from such guidance.

As a result the CPM resolved to develop a standard. The challenge now will be to ensure that the standard is developed in a manner that limits restrictions to international trade.

GTA, in conjunction with DAFF Biosecurity are advocating that the standard focus on issues that are most appropriate to Australia as an export nation and are non-controversial, i.e.:

1. effective treatments of shipments of bulk grain;
2. suitability of bulk vessels to load grain.

The Australian Government has taken this position to the CPM and if adopted the above activities would enhance the current phytosanitary processes.

Australia is currently represented on the IPPC Standards Committee by Dr. Jan Bart Rossel, Director of the International Plant Health Program Australian Government Department of Agriculture. Dr Rossel is also the Assistant Steward for the development of this ISPM. Dr Rossel's involvement is a positive outcome for Australia and other grain export countries. GTA is providing direct communications to Dr Rossel through DA Biosecurity.

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Further information: [GTA website – Submissions](#)

Development of global Low Level Presence policies

This was an initiative of the Canadian Government. With the exponential growth in GM events globally, it is critical that countries adopt a LLP policy to ensure trade is not exposed to trace amounts of unapproved GM events in the country of import.

The EU policy of zero tolerance is a trade inhibitor and when copied by other countries will affect world trade. A bulk or container shipment of Australian conventionally bred grain could be adversely impacted, if trace amounts of an unapproved GM event were detected in the Australian grain, such as an event being residue from a previous cargo.

It is critical that all countries adopt a policy that allows trace amounts of an unapproved event in the country of import. Interestingly, there is a global tolerance for arsenic via CODEX.

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Further information:

- [Global Low Level Presence Policy – NewsInGrain – November 2012](#)
- [Adoption of Low Level Presence Policy by Australia – NewsInGrain – February 2013](#)

Submissions to DAFF:

- [FAO Low Level Presence \(LLP\) questionnaire](#)

International Grain Trade Coalition (IGTC)

As a major grain exporting country and as an aid to international grain trade facilitation, it is critical that there is a forum in place for importers and exporters to exchange viewpoints and to harmonise their commercial processes. The International Grain Trade Coalition is a forum for such interaction with GTA becoming a member in 2006 and being an active participant since.

IGTC is able to share information and develop briefing documents that are available for use by members in developing a member's policy on a particular issue.

Major issues:

- Development of harmonised Global Low Level Presence policies
- Draft International Standard for Phytosanitary Measures
- Low-Level Presence (LLP) Risk Management Policies for Transboundary Movements of Grain and Grain Products for Food, Feed or Processing.

Industry Consultation

PERFORMANCE OF THE TRACK MARKET/CONTRACT AND LOCATION DIFFERENTIALS

The Commerce Committee received a number of submissions highlighting the issue of variance between the GTA Location Differentials and the actual cost of freight execution.

This issue has been extensively discussed and debated by the GTA Transport, Storage & Port Committee and Commerce Committee. As part of these deliberations a number of alternative methodologies were explored and tested against the requirement of facilitating trade.

Following these reviews the Committee recommended to the GTA Board that GTA:

- will not change the current methodology (method of calculation) for the GTA Location Differentials for a period of no less than three years, subject to any significant changes in the market, determined by the Commerce Committee;
- will provide industry with 18 months lead time from the publication of any significant changes to the methodology used to calculate the GTA Location Differentials;
- will provide industry with 18 month warning of any changes to the LDs as a result of Point 2 above.

It was also noted that:

- there would always be a need for some minor review of the Location Differentials but the Location Differential methodology should remain constant;
- it is the markets role (not GTA's) to deal with the difference between the Location Differentials and freight rates.

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Further information: No. 16 of 13 – Policy review and implementation of Location Differentials

The Commerce Committee also undertook a review of the effectiveness of the GTA Track contract, including the LDs. The common messages received by GTA during the Track Market Consultation included:

- the Track Contract/Market is healthy and robust;
- there is a reluctance to change something that is working;
- it is estimated that a minimum of 12 to 15 million tonnes is traded track each year and considerably more during a good season;
- the contract is continuously evolving over time;
- site based pricing after harvest is a means to reduce trader exposure to the difference between LD's and freight execution cost;
- more delivered trading has emerged post-harvest;
- it's evident that trader activity is evolving to manage exposure to the difference between Location Differentials and the freight execution costs;
- there is a need for consistency/certainty in the track market;

GTA should set the Location Differentials further out from harvest (18 months out was a common theme);

- the trade is continuously evolving to deal with market fluctuations but the contract must remain consistent to maintain its integrity.

In summary, there was very strong support for no changes to the Track Contract or the Location Differentials.

The above industry consultation process was contributory to Commerce Committee's decision to maintain the current Location Differentials for no less than three years.

RECENT AWARDS AT ARBITRATION

Arbitration number: 174

Date of Issue: November 2011

Claimant: DCT Seller

Respondent: DCT Buyer

ARBITRATION COMMITTEE (AC)

- Andrew Wilsdon, nominated by GTA.

CLAIM

Issues for determination:

- Dispute 1 – underweight container at overseas destination
- Dispute 2 – mouldy grain at overseas destination.

AWARD

The Award is as follows;

1. That the Respondent pay to the Claimant forthwith the amount of A\$33,092.32.
2. That the Respondent reimburse the Claimant for the arbitration fees the Claimant has paid, plus interest and costs.

AWARD FINDINGS

The AC found that:

Dispute 1:

The Arbitrator was not satisfied that the Respondent had produced any or sufficient evidence on which he could find the container was underweight at the time it was delivered at the Sydney container terminal.

Dispute 2:

The DCT Buyer faces a heavy burden of proof to prove defective quality at the time of delivery, but that is in the nature of the DCT contract and there are adequate safeguards built into the contract to protect the DCT Buyer should it choose to take advantage of them.

Here the Buyer did not.

Arbitration number: 177

Date of Issue: February 2013

Claimant: Grain seller

Respondent: Dairy Farmer

Arbitration Committee (AC)

- Mr. Andrew Woodhouse, Advance Trading.

CLAIM

The dispute between the parties concerns a contract for the sale of 200 tonnes Canola Meal – 2009 at a price of A\$467 per tonne plus GST, delivered Mytown.

Issues for determination:

- The issue that falls for determination is whether the Claimant is in default for failing to make the deliveries or whether the Respondents are in default for failing to call for or take delivery.

AWARD

The Claim was denied and the Claimant was responsible to pay the Respondents Arbitration fees.

DETAILS

The delivery period of the contract was amended to suit the needs of the Respondent.

The Claimant submits that it was the Respondent's obligation to call for the contracted commodity.

The contract was subject to the GTA Trade Rules. The Claimant accepts that it had the right of conveyance but says that it was "standard industry practice" for the customer to call for delivery on a particular date.

AWARD FINDINGS

The AC found that:

- GTA Trade Rule 13(1) provides that unless otherwise agreed, the Seller shall have the right of conveyance. Under Rule 13.1(1), the Seller is obliged to give the Buyer 5 business days written notice of commencement of delivery, and the Buyer shall then within 2 business days give delivery instructions to the Seller.
- "Even if it is standard industry practice for the Buyer to call for delivery, I cannot believe that it is standard industry practice for the Seller to say nothing to a Buyer allegedly in default for 8 months or so."
- The Arbitrator reached the conclusion therefore that it was in fact the Claimant Sellers who were in default in failing to make the deliveries required under the amended contract.



NEW GTA MEMBERS

GTA WELCOMES THE FOLLOWING ORGANISATIONS TO THE MEMBERSHIP RANKS FOR THE 2013/2014 FINANCIAL YEAR

Applicant Name	Membership Category
Peter McQueen Pty Limited	Corporate – Small
GrainTrend Pty Ltd	Ordinary – Level C
Import-Export Services Pty Ltd	Corporate – Small
Farm Tender	Broker – Sole Operator
SANWA Pty Ltd	Ordinary – Level C
Grain Storage Solutions	Corporate – Small
Baker Grain	Ordinary – Level C
Advance Trading Australasia	Corporate – Small
CHS Trading Company Australia	Ordinary – Level C
AvantAgri Australia Pty Ltd	Corporate – Small
Agri-Oz Exports Pty Ltd	Ordinary – Level C
Lake Grain Pty Ltd	Ordinary – Level C
ICAP Australia Pty Ltd	Broker – Medium